

Message Text

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73

ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 AID-20 CIAE-00 COME-00 FRB-03

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CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

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E.O. 11652: NA

TAGS: EGEN EG

SUBJ: FURTHER LIBERALIZATION OF EGYPTIAN TRADE

1. AS THE RESULT OF DECISIONS TAKEN BY THE GOE, EXPORTS OF ALMOST ALL INDUSTRIAL AND NON-TRADITIONAL AGRICULTURAL COMMODITIES CAN BE MADE WITHOUT THE NEED FOR EXPORT LICENSES IF THEY ARE DESTINED FOR FOREIGN COUNTRIES WHICH PAY IN CONVERTIBLE CURRENCIES AND WHICH DO NOT HAVE TRADE AND PAYMENTS AGREEMENTS WITH EGYPT.

2. THE EXCEPTIONS TO THE NEW RULING APPLY TO TEXTILES, CEMENT, PETROLEUM, ONIONS, RICE, EGGS, GARLIC, POTATOES AND CITRUS FRUITS, FOR WHICH THE APPROVAL OF THE APPROPRIATE GOVERNMENT AGENCY WILL STILL BE REQUIRED. COTTON EXPORTS WILL CONTINUE TO BE EXCLUSIVELY HANDLED BY THE GOE ITSELF.

3. ON THE IMPORT SIDE, A NUMBER OF STEPS HAVE BEEN TAKEN TO FACILITATE THE PROCESSING OF APPLICATIONS. THE NUMBER COMMITTEES AUTHORIZED TO GIVE APPROVALS FOR APPLICATIONS HAS BEEN INCREASED FROM 33 TO 39, WITH THE RESPONSIBLE

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MINISTER IN EACH CASE HAVING FULL AUTHORITY, DELEGATED TO

THE COMMITTEE, TO MAKE THE FINAL DECISIONS AS TO THE ALLOCATION OF THE APPLICABLE FOREIGN EXCHANGE BUDGET. IN ADDITION, PUBLIC AND PRIVATE ENTERPRISES ARE TO BE ALLOWED TO IMPORT LE 5,000 WORTH OF COMMODITIES EVERY THREE MONTHS WITHOUT APPROVALS OR IMPORT LICESSES.

4. COMMENT: THIS LATTER STEP IS OF PARTICULAR SIGNIFICANCE IN THAT IT REPRESENTS AN IMPLICIT EXPANSION OF THE PARALLEL MARKET. PUBLIC SECTOR ENTERPRISES THAT DO NOT HAVE A FOREIGN EXCHANGE BUDGET, OR HAVE ONE WHICH IS INSUFFICIENT FOR THEIR NEEDS, WILL BE FORECE TO UTILIZE THE MARKET AND PAY THE 55PERCENT SURCHARGE IN ORDER TO TAKE ADVANTAGE OF THE NEW RULING. PRIVATE SECTOR COMPANIES THAT DO NOT EARN THE NECESSARY AMOUNTS THROUGH THEIR OWN EXPORTS WILL DO THE SAME, OR ELSE TURN TO THE BLACK MARKET FOR THEIR NEEDS. WE HEAR THAT THE ANTICIPATED INCREASED DEMAND FOR HARD CURRECNY HAS ALREADY PUSHED THE BLACK MARKET RATE UP TO 68 PIASTERS FOR ONE DOLLAR (PARALLEL MARKET RATE IS ROUGHLY 59 PIASTERS TO THE DOLLAR) AND IT IS EXPECTED TO CLIMB TO ABOUT 75 IN THE NEAR FUTURE.
EILTS

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